

HOUSE BILL REPORT

HB 2683

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to the economic development commission.

Brief Description: Changing provisions relating to the economic development commission.

Sponsors: Representatives Kenney, Smith, Probst, Maxwell, Ericks, Sullivan, Pettigrew, Kelley, White, Johnson, Hasegawa, Liias, Sells, Nelson and Anderson.

Brief History:

Committee Activity:

Community & Economic Development & Trade: 1/18/10, 1/27/10 [DPS].

Brief Summary of Substitute Bill

- Clarifies the intent, purpose, duties and authorities of the Washington Economic Development Commission (Commission).
- Modifies provisions related to the Commission membership, staff, budget, and other administrative matters.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Smith, Ranking Minority Member; Chase, Moeller, Orcutt, Parker and Probst.

Staff: Meg VanSchoorl (786-7105).

Background:

In 2002 Governor Locke created the Washington Economic Development Commission (Commission) through executive order as a means for business and labor leaders to assist in the improvement and development of the state's economy. The following year, the Legislature established the Commission in statute as an advisory body to the Department of Community, Trade and Economic Development (DCTED). In 2007 the Legislature revised the statutory structure, policy role, and responsibilities of the Commission.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Commission Purpose, Membership, and Staff.

The Commission is established to oversee the economic development strategies and policies of the DCTED. The Commission has 18 members in total. Eleven are voting members appointed by the Governor to three-year terms, including: six members from the private sector; one from labor; one from port districts; one from state public higher education; one from state community or technical colleges; and one from associate development organizations (ADOs). Seven are ex-officio, nonvoting members including the director or commissioner of the Department of Commerce, the Workforce Training and Education Coordinating Board, the Employment Security Department, and the chairs and ranking minority members of the standing economic development committees of the House of Representatives and the Senate. The Commission's chair is a voting member selected by the Governor with the consent of the Senate. The Commission's executive director is appointed by the Governor with the consent of the Commission's voting members and must administer the provisions of the law, employ necessary personnel, use existing operating agency staff to the fullest extent possible, employ outside consulting agencies as appropriate, and exercise additional powers when delegated by the Commission. The executive director may not chair the Commission.

Commission Duties.

The Commission must concentrate its major efforts on planning, coordination, evaluation, policy analysis, and recommending improvements to the state's economic development system (State E.D. System). The Commission must:

- develop and maintain a biennial state comprehensive plan for economic development;
- identify the elements the ADOs must include in their countywide economic development plans;
- review the State E.D. System for consistency with the state comprehensive plan;
- maintain an inventory of State E.D. System programs;
- assess the state's economic development needs and evaluate the approach of the State E.D. System and programs to meeting the needs;
- beginning by January 2012, administer scientifically-based outcome evaluations of the State E.D. System; and
- report on: the appropriate state role in economic development, the appropriate administrative regional structure for economic development services, the Commission's progress coordinating the State E.D. System, and recommended statutory changes to enhance efficiency and coordination.

Commission Authority, Subject to Available Resources.

The Commission may:

- review the policies and plans established for business and technical assistance, export assistance, and infrastructure development;
- review and make recommendations on budget requests and legislative proposals relating to the State E.D. System;
- provide for coordination among agencies, organizations, and components of the system at the state and regional levels;
- advocate for the state economic development system and for meeting the needs of industry associations, industry clusters, businesses, and employees;

- by January 2011, create a plan to develop a database on participation rates, costs, program activities, and outcomes from publicly-funded economic development programs; and
 - evaluate proposals and recommend expenditures from the Economic Development Strategic Reserve Account.
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Summary of Substitute Bill:

Commission Purpose, Membership, and Staff.

The Commission is established to assist the Governor and Legislature by providing leadership, direction, and guidance on a long-term and systematic approach to economic development. The Commission's mission is to create and regularly update a comprehensive statewide economic development strategy to guide the state's investments in economic development activities including infrastructure, talent and workforce development, technology transfer, trade, access to capital, and entrepreneurship.

The Commission's total membership is increased to 23. The additional five members include two representatives of the private sector, one representative of nonprofit trade associations engaged in economic development, the secretary of the Department of Transportation, and a second representative of labor. One labor representative must be from east of the Cascade crest and one from the west. The voting members of the Commission will be the 15 members appointed by the Governor and the four legislators. The nonvoting members will be the four agency directors. Commission members may not designate alternates, substitutes or surrogates; however, member participation in meetings by teleconference-type communications equipment constitutes presence at the meeting. In appointing Commission members, the Governor must consult with the Commission. Demonstrated experience in the area of innovation is added as a qualification for Commission membership. Provisions related to term limits, staggered terms, and vacancies are included. The Commission chair must be a voting member elected by other members to a two-year term and may be re-elected to additional terms. The chair may not be an agency director or legislator. A vice-chair will also be elected by Commission members.

The executive director will carry out duties, including hiring exempt and civil service employees and contracting out for technical expertise, subject to available resources and in accordance with Commission direction. Roles and responsibilities related to budgets, work plans, and fiscal reports are added. The executive director must report on Commission operational matters solely to the Governor and the Commission.

Commission Duties.

The Commission must concentrate its major efforts on strategic planning, policy research and analysis, advocacy, evaluation, and promoting coordination and collaboration. A detailed list of Commission duties is removed. Instead, the Commission is directed to follow a general timeline and process for developing a biennial comprehensive statewide economic development strategy and annual updates. The strategy may include components such as: an assessment of the state's economic vitality; a common set of outcomes and benchmarks; and recommendations for expanding, discontinuing, redirecting, or adding programs. The

Commission must consult and coordinate with relevant organizations to avoid duplication of effort. State agencies must provide information to the Commission as it reasonably requests.

The Commission and the Department of Commerce must jointly develop a memorandum of understanding to establish clear lines of authority and responsibility between them related to budget and administrative services. The Commission must develop a biennial budget request for the Office of Financial Management approval, the Department of Commerce must forward the request along with its budget package, and the Commission must adopt an annual budget and work plan consistent with the legislatively-approved budget. The Commission is authorized to accept gifts, grants, and other contributions from state and non-state sources. A Commission Account is created in the State Treasury into which these contributions must be deposited. Subject to appropriation, expenditures may be used by the Commission only for purposes consistent with its mission, roles, and responsibilities. The Commission's executive director must use the unanticipated receipts process to request authority from the Office of Financial Management to spend funds that were not anticipated in the legislatively-approved budget.

The Commission must not take an administrative role in service delivery but may conduct outreach activities such as regional forums and seminars. The Commission must evaluate its own performance regularly.

Commission Authority, Subject to Available Resources.

Subject to available resources, the Governor or Legislature may direct the Commission to undertake research and policy analysis, assessments, or special projects.

Substitute Bill Compared to Original Bill:

The substitute bill includes "promoting coordination and collaboration" as an area of concentration for the Commission. It increases Commission membership from 21 to 23 by adding a second representative of labor, and the secretary of the Department of Transportation. It specifies that the Commission's voting members will be those members appointed to the Commission by the Governor, and the legislators. It requires the Commission's executive director to use the unanticipated receipts process to request authority from the Office of Financial Management to spend funds that were not anticipated in the legislatively-approved budget.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill recognizes that the state must take a strategic approach to be competitive in the global innovation economy. The Economic Development Commission has made significant progress since releasing its first strategy report and we have a great deal more work to do. The bill provides a more focused role for the Commission compared to the 49 mandates in the current law that cannot be carried out with the level of resources we have. However, at the end of the day, there needs to be some organization that makes a link between strategy and operations. We appreciate that many of our suggestions were integrated into this bill. We plan to have all Commission members review it and weigh in from their diverse perspectives. The ports like the addition of more private sector members. We have appreciated the voice of the Commission and the fact that it can go across agency lines.

(Opposed): None.

Persons Testifying: Egils Milbergs, Washington Economic Development Commission; and Ginger Eagle, Washington Public Ports Association..

Persons Signed In To Testify But Not Testifying: None.